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In view of peace speculation this week, much of it fanciful, about our efforts to secure the safe return of our fellow Americans held hostage in the Middle East, I have a brief statement to make. I will take no questions.

We have repeatedly stated that we are willing to explore all channels to secure release of our hostages and to put an end to hostage taking. We have always insisted, however, that this be accomplished without jeopardy following our policy of not negotiating with terrorists and hostage takers.

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Iran has, and ultimately will again, play an important role in the United States' strategic policy with respect to the Middle East and also with respect to the Soviet Union. With respect to the interests of the United States, as well as other countries in the region, including the Soviet Union, vital long range interests in the Middle East are best served by a strong prosperous Iran with moderate policies and friendship and tolerance towards its people and other nations as well as dedication to its principles.

I can assure you that the US Government has never deviated from its policy of not giving in to the demands of hostage takers and their state-sponsors. But this steadfastness must be complemented with a policy of recognizing and encouraging, both tangibly and intangibly, responsible behavior by governments which may in the past have sponsored terrorist actions. We can and must work with any government that moves away from a policy of support for terrorism. As the present government of Iran matures in the family of

SECRET

nations - and to the extent that it foreswears terrorism and helps us fight against it - we must be willing to accomodate that government and reinforce its positive attitudes. That the taste of US hostages held 400 days in Tehran is still bitter in our mouths must not cloud our long-term vision.

We have and continue to condemn the war between Iran and Iraq. We have sought and will continue to seek a peaceful solution to the conflict which leaves each country with its pride and its territory intact. Our policy has been and will continue to be to prohibit shipments of arms to either combatant - arms that would have the effect of altering the balance toward the agressor, or prolonging the war and precluding the peace. Thus, our exploratory contacts to establish dialogue with Iran have always been within this policy framework.

I can assure you that we will continue to work to secure the release of our hostages, while at the same time vigorously fighting all forms of terrorism that threaten our democratic institutions. We never will be deterred from pursuing these two complementary objectives.